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DELHI PACIFIC MINES LIMITED

ANNUAL REPORT

YEAR ENDED DECEMBER 31, 1967

DELHI PACIFIC MINES LIMITED

OFFICERS	G. D. PATTISON	President
	S. A. PERRY	Vice-President
	R. D. BELL	Secretary-Treasurer
	J. P. BRISBOIS	Assistant Secretary-Treasurer
DIRECTORS	R. D. BELL	Toronto, Ont.
	J. P. BRISBOIS	Toronto, Ont.
	F. C. KNIGHT	Toronto, Ont.
	G. D. PATTISON	Aurora, Ont.
	S. A. PERRY	Toronto, Ont.
AUDITORS	THORNE, GUNN, HELLIWELL & CHRISTENSON	Toronto, Ont.
TRANSFER AGENT AND REGISTRAR	GUARANTY TRUST COMPANY OF CANADA	Toronto, Ont.
HEAD OFFICE	SUITE 509, 25 ADELAIDE STREET WEST	Toronto 1, Ont.

DELHI PACIFIC MINES LIMITED

Suite 509, 25 Adelaide Street West

Toronto 1, Ontario

Directors' Report

To the Shareholders,
DELHI PACIFIC MINES LIMITED.

Presented herewith are the financial statements of your Company for the year ended December 31, 1967 with Auditors' Report thereon dated January 19, 1968.

Your Company maintains its 10% interest in Basin Explorations (Ireland) Syndicate which is engaged in mineral exploration in the Republic of Ireland. During 1967 detailed investigations of anomalous areas discovered in previous reconnaissance surveys were made as well as preliminary investigations of new licence areas. The geochemical test work included treatment for bulk base metal content of 14,987 samples, and hot extractive tests for copper on 5,339 samples, for lead on 4,155 samples and for zinc on 3,594 samples. Following induced polarization surveys (34.1 line miles) and diamond drilling (2,742 feet), three of the five areas tested were eliminated and the remaining two retained for further investigation due to inconclusive results. At the year end thirteen prospecting licences covering an area of about 142 square miles were held by the Syndicate and exploration work is continuing.

The Company also holds four prospecting licences covering lands located in the Counties of Offaly, Kildare, Waterford and Cork in the Republic of Ireland and preliminary exploration of these licence areas is now in progress. Application for an additional licence covering an area in County Kildare has been made.

During 1967 an additional eight claims were staked in Valrennes and Joutel Townships, Quebec, bringing the Company's total holdings in this area to ten claims.

On behalf of the Board of Directors,

G. D. PATTISON,
President.

Toronto, Ontario,
May 6, 1968.

DELHI PACIFIC MINES LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET — DECEMBER 31, 1967

(with comparative figures at December 31, 1966)

ASSETS

	1967	1966
CURRENT ASSETS		
Cash	\$ 3,856	\$ 5,455
Short-term deposits with accrued interest	55,744	5,000
Accounts receivable	70	566
	<hr/>	<hr/>
	59,670	11,021
INVESTMENTS IN SHARES		
Subsidiary companies, at nominal value (note 1)	2	2
Affiliated mining companies (note 2)	64,595	344,553
Other companies, at nominal value	3	3
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	64,600	344,558
Participation interest in oil properties, at cost less revenue to date	27,793	28,750
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OTHER ASSETS		
Sundry equipment, at nominal value	1	1
Mining claims (note 3)	253,837	253,487
Deferred exploration and development expenditures	295,796	291,069
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	549,634	544,557
	<hr/>	<hr/>
	\$ 701,697	\$ 928,886

LIABILITIES

CURRENT LIABILITIES		
Accrued liabilities	\$ 500	
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		SHAREHOLDERS' EQUITY
CAPITAL STOCK (note 4)		
Authorized, 5,000,000 shares, par value \$1 each		
Issued, 3,300,000 shares (2,900,000 in 1966)	3,300,000	2,900,000
Less discount thereon	1,702,500	1,362,500
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Contributed surplus arising on reorganization, May 23, 1961	1,597,500	1,537,500
	1,182,196	1,182,196
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Deficit	2,779,696	2,719,696
	2,078,499	1,790,810
	<hr/>	<hr/>
	701,197	928,886
	<hr/>	<hr/>
	\$ 701,697	\$ 928,886

Approved on behalf of the Board,

G. D. PATTISON, Director.
S. A. PERRY, Director.

Thorne,
Gunn,
Helliwell
& Christenson

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
Delhi Pacific Mines Limited.

We have examined the balance sheet of Delhi Pacific Mines Limited as at December 31, 1967 and the statements of deferred exploration and development expenditures, deficit, administrative expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Toronto, Canada,
January 19, 1968.

DELHI PACIFIC MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

Year Ended December 31, 1967

(with comparative figures for 1966)

	1967	1966
Consulting	\$ 150	
Government fees, licenses and taxes	1,966	\$ 1,823
Report	400	50
Syndicate participation	2,000	6,000
General	211	56
Expenditures for the year	4,727	7,929
Balance deferred at beginning of year	291,069	289,772
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Exploration and development expenditures transferred to deficit	295,796	397,701
Balance deferred at end of year	<u><u>\$ 295,796</u></u>	<u><u>\$ 291,069</u></u>

SUMMARY

LOCATION OF MINING CLAIMS	Balance at beginning of year	Expenditures during year	Balance at end of year
Blind River Area, Ontario	\$ 44,993	\$ 376	\$ 45,369
Fort McKenzie Area, Quebec	62,239	800	63,039
Temagami Area, Ontario	167,256	139	167,395
Valrennes and Joutel Townships, Quebec	4,581	480	5,061
Basin Exploration (Ireland) Syndicate			
Expenditures	6,300	5,933	12,233
Unexpended advances	5,700	(3,933)	1,767
Republic of Ireland		932	932
	<hr/>	<hr/>	<hr/>
	<u><u>\$ 291,069</u></u>	<u><u>\$ 4,727</u></u>	<u><u>\$ 295,796</u></u>

STATEMENT OF DEFICIT

Year Ended December 31, 1967

(with comparative figures for 1966)

	1967	1966
Deficit at beginning of year	\$1,790,810	\$1,402,936
ADD		
Administrative expenses written off (note 5)	7,151	184,662
Mining claims abandoned		
Cost		95,920
Exploration and development expenditures thereon		106,632
Write-down of investment in affiliated company	279,958	
Advances to subsidiary companies written off	580	660
	<hr/>	<hr/>
	<u><u>287,689</u></u>	<u><u>387,874</u></u>
Deficit at end of year	<u><u>\$2,078,499</u></u>	<u><u>\$1,790,810</u></u>

DELHI PACIFIC MINES LIMITED

STATEMENT OF ADMINISTRATIVE EXPENSES

Year Ended December 31, 1967

(with comparative figures for 1966)

	1967	1966
Administration fee	\$ 4,650	\$ 6,000
Annual report	791	773
Directors' fees	700	700
Government fees and taxes	206	111
Legal and audit	1,150	375
Listing and filing fees	388	100
Stock transfer expense	879	370
General	302	214
 Expenses for the year	 9,066	 8,643
Deduct interest earned	1,915	
	7,151	8,643
 Deferred expenditures at beginning of year	 176,019	
Administrative expenses written off (note 5)	\$ 7,151	\$ 184,662

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1967

(with comparative figures for 1966)

	1967	1966
SOURCE OF FUNDS		
Revenue from oil properties (net)	\$ 957	\$ 2,314
Issue of shares	60,000	
	60,957	2,314
 APPLICATION OF FUNDS		
Acquisition of mining claims	350	
Exploration and development expenditures	4,727	7,929
Administrative expenses	7,151	8,643
Advances to subsidiary companies written off	580	660
Shares in Harlow H. Wright Inc.	1	
	12,808	17,233
Increase (decrease) in working capital	48,149	(14,919)
Working capital at beginning of year	11,021	25,940
Working capital at end of year	\$ 59,170	\$ 11,021

DELHI PACIFIC MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 1967

1. INVESTMENTS IN AND ADVANCES TO SUBSIDIARY COMPANIES

The accounts of the subsidiary companies, Nickel Corporation of America and Associated Mining Corporation, have not been consolidated as they are inactive. Both companies are without assets and the investments therein and advances thereto have consequently been written down to nominal value.

2. SHARES IN AFFILIATED MINING COMPANIES

Delmico Mines Limited

	1967	1966
1,291,885 shares (of which 553,847 shares are held in escrow) at less than cost (cost in 1966)	\$ 64,594	\$ 344,552
Canadian Manganese Corporation Limited, at nominal value 1	1	1
	<u><u>\$ 64,595</u></u>	<u><u>\$ 344,553</u></u>

At the balance sheet date, shares of Delmico Mines Limited were quoted at 5¢ per share (4¢ per share in 1966).

3. MINING CLAIMS

25 mining leases in the Blind River Area, Ontario, acquired for 13,750 shares of capital stock valued at \$5,500 and \$26,000 cash	\$ 31,500
25 claims in the Fort McKenzie Area, Quebec, held under development licence, acquired for 400,000 shares of capital stock valued at \$120,000 and \$25,000 cash	145,000
15 claims in the Temagami Area, Ontario, held under mining leases, acquired for 59,219 shares of capital stock valued at \$56,837 and \$150 cash	56,987
10 claims in Valrennes and Joutel Townships, Quebec, held under development licence, acquired for 50,000 shares of capital stock valued at \$10,000 and \$10,350 cash	20,350
A 10% interest in certain Prospecting licenses in the Republic of Ireland, held by Basin Exploration (Ireland) Syndicate	Nil
1 Prospecting licence, Ireland	Nil
	<u><u>\$ 253,837</u></u>

4. CAPITAL STOCK

	No. of shares and par value	Discount	Net
Balance at beginning of year	2,900,000	\$1,362,500	\$1,537,500
Issued during year for cash	400,000	340,000	60,000
Balance at end of year	<u><u>3,300,000</u></u>	<u><u>\$1,702,500</u></u>	<u><u>\$1,597,500</u></u>

5. CHANGE IN ACCOUNTING PRACTICE IN 1966

Administrative expenditures for the years to 1965 were included in deferred charges. In 1966, these expenditures were written off to deficit together with expenditures for the year ended December 31, 1966.